

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Priority Mail International Regional Rate Boxes
Non-Published Rates

Docket No. MC2013-53

Competitive Product Prices
Priority Mail International Regional Rate Boxes
Non-Published Rate Contracts (MC2013-53)

Docket No. CP2013-69

PUBLIC REPRESENTATIVE COMMENTS ON ADDITION OF PRIORITY MAIL
INTERNATIONAL REGIONAL RATE BOXES—NON-PUBLISHED RATES TO THE
COMPETITIVE LIST

(July 9, 2013)

The Public Representative (PR) hereby provides comments pursuant to Order No.1767.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Request to add Priority Mail International Regional Rate Boxes—Non-Published Rates (PMI RRB-NPR) to the competitive product list.² The Postal Service plans to file with the Commission all contracts using the PMI RRB--NPR model customer contract and the rates in a single docket and to report all contracts as a single competitive product in the appropriate Annual Compliance Report (Request, Attachment 2C at 5). It is not clear to the PR from the customized contract example submitted with the Request as Attachment 4, how other types of costs will be accounted for within a single customized contract. The Public Representative has

¹ PRC Order No. 1767, Notice and Order Concerning Addition of Priority Mail International Regional Rate Boxes—Non-Published Rates to the Competitive Product List, June 27, 2013.

² Request of the United States Postal Service to Add Priority Mail International Regional Rate Boxes—Non-Published Rates to the Competitive Product List and Notice of Filing Priority Mail International Regional Rate Boxes—Non-Published Rates Model Contract and Application for Non-Public Treatment of Materials Filed Under Seal, June 25, 2013 (Request), at 1.

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reviewed the Postal Service's Request, the PMI-RBB—Non-Published Rates Contract and the initial new financial model filed under seal and the replaced worksheets to this financial model filed with the Postal Service's Errata notice.³ Based upon that review, without knowing the status of PMI flat rate envelopes in the PMI volumes used in the calculations of the financial model, the PR cannot completely state that the pricing appears to generally comport with relevant provisions of title 39. The PR believes the supporting financial documentation filed with this Request is incomplete (PMI volume weight distribution given the magnitude of PMI volumes for flat rate envelopes is an important issue for the countries within the proposed price groups for the international RBB Boxes).

The proposed international PMI RRB Box A has a maximum weight of 10 pounds and both the international PMI RRB Boxes B and C have a maximum weight of 20 lbs. Request at 4. The international PMI RRB boxes have the same dimensions as the domestic Priority Mail Regional Rate Boxes A, B, and C. Request at 4. However, the domestic PMI RRB boxes weight maximum⁴ for the domestic RRB Box A and RRB Box C is higher than the proposed international PMI RRB Box A and Box C weight maximum (domestic RRB Box A weight limit is 15 pounds vs. 10 pounds for the proposed international RRB Box A and the domestic RRB Box C weight limit is 25 pounds vs. 20 pounds for the proposed international RRB Box C).⁵ For the proposed international

³ Errata to Request of the United States Postal Service to Add Priority Mail International Regional Rate Boxes – Non-Published Rates to the Competitive Product List and Notice of Filing Priority Mail International Regional Rate Boxes – Non-Published Rates Model Contract and Application for Non-Public Treatment of Materials Filed Under Seal, July 8, 2013.

⁴ See Postal Regulatory Commission (PRC), (Draft) Mail Classification Schedule (Revision Date: 06/12/2013). Priority Mail, Size and Weight Limitation at 237.
<http://www.prc.gov/prc-pages/library/mail-classification-schedule/default.aspx?view=mail>

⁵ It is not clear to the PR whether there will be any confusion related to the weight maximum differences between the current domestic and proposed international RBB Boxes since the Customized Mail Agreement in Attachment 4 to the Request, "Article 4. Qualifying Mail" is only mail tendered to the USPS in a USPS-provided box bearing one of the following markings:

- REGIONAL RATE BOX A
FOR DOMESTIC AND INTERNATIONAL USE
- REGIONAL RATE BOX B
FOR DOMESTIC AND INTERNATIONAL USE
- REGIONAL RATE BOX C
FOR DOMESTIC AND INTERNATIONAL USE

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PMI RRB – NPR contracts, the Postal Service offers several levels (based on a mailer's revenue commitment) of incentive tiers (Request at 4). Proposed international PMI RRB rates are set by outbound country⁶ of destination and box type: RBB box type A, B, or C. There are 8 proposed country price groups. The destination country price group number (Request, Attachment 4, Annex 2) for the proposed international PMI RRB price group differs for some of the same countries listed in "Part D-Country Price List for International Mail" of the most recent Mail Classification Schedule.⁷

For other users and comparative purposes, the PR created⁸ and is including with this filing a sortable by country group number Excel file of the Part D –International Mail Country Group Lists shown in the most recent Mail Classification Schedule. In addition, the PR also includes the proposed country price group designation (price group number for the countries listed in Attachment D, Annex 2 of the Request) for the proposed international PMI RRB rates. To compare the countries and country price groupings in this request with the country group PMI volume weights filed in the ACR 2012/USPS-FY12-NP8 (International Billing Determinants), the PR is including a non-public file with this PR Comments filing. Since the ACR 2012 international billing determinants are non-public information filed by the Postal Service with the Commission, the Excel file displaying these same data will be filed under seal along with the public PR comments.

Perhaps this will not be an issue as Article 6. 2b states that international mailings must be separated from domestic mailings.

⁶ Two country names are included in the price groups of this Request that do not appear as such in "Part D – Country Price Lists for International Mail" of the most currently revised Mail Classification Schedule. These are both listed (Request, Attachment 4, Annex 2 at 3) under PMI RRB price group 8: "Curacao" and "Sint Maarten." It is unclear to the PR if these countries are listed under another country name on the existing Part D List of the MCS.

<http://www.prc.gov/prc-pages/library/mail-classification-schedule/default.aspx?view=mail>

⁷ See: <http://www.prc.gov/prc-pages/library/mail-classification-schedule/default.aspx?view=mail>, pp. 529-538.

⁸ Previously, the Commission had requested a country group list by country number group rather than alphabetized as is currently in the MCS from the Postal Service. In the Response of the United States Postal Service to Chairman's Information Request No. 1, question 7, Docket No. CP2013-3, October 24, 2012 (the Postal Service appeared to misunderstand the request as the same alphabetized MCS of the Part D International Country Price List was provided).

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It is not clear to the PR from the customized contract example submitted (Request, Attachment 4), how other types of costs will be accounted for within a single contract. For example, in “ARTICLE 7.OBLIGATION OF THE USPS” of the sample customized agreement (Request Attachment 4 at 1), item 4, “Pickup” is listed as an option available, according to the local agreement.

Pursuant to 39 U.S.C. § 3633(a), the Postal Service’s competitive prices must ensure that each competitive product will cover its attributable costs. With the supporting financial documentation and the revisions on Tab 4, it is uncertain whether costs have been underestimated (or misestimated). In addition, it is unknown whether the proxy assumptions related to average weight will systemically be similar for the proposed international RBB Boxes.

The Public Representative respectfully submits the foregoing comments for the Commission’s consideration.

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ATTACHMENT A